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STATE CONTROLLER'S OFFICE  
PERSONNEL/PAYROLL SERVICES DIVISION  
P. O. BOX 942850  
Sacramento, CA 94250-5878

DATE: December 18, 2017 PERSONNEL LETTER #17-030

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: Debra Spellman, Chief  
Personnel/Payroll Services Division

**RE: AFFORDABLE CARE ACT PENALTIES FOR THE 2015 REPORTING YEAR**

The State Controller's Office (SCO) and California Department of Human Resources have previously identified that the State may be assessed penalties by the Internal Revenue Service (IRS) under the Employer Shared Responsibility provisions of the Affordable Care Act (ACA). The IRS is mailing notices now to employers who may owe a penalty for reporting year 2015. The State of California may be subject to penalties for each full-time employee<sup>1</sup> who received an advanced premium tax credit (APTC) toward the purchase of their health coverage through Covered California, the state's health marketplace, or the U.S. Department of Health and Human Services (HHS), the federal health marketplace.

Employers have 30 days from the date of the letter to appeal any assessment believed to be assessed in error. Due to the short timeframe for review and action, the SCO requests your assistance. If a department or campus Human Resources (HR) office receives a notice of assessments from the Department of the Treasury, Internal Revenue Service, in the form of "[Letter 226j](https://www.irs.gov/pub/notices/ltr226j.pdf)" (<https://www.irs.gov/pub/notices/ltr226j.pdf>), the HR office must immediately inform the ACA Online Support desk ([acasupport@sco.ca.gov](mailto:acasupport@sco.ca.gov)). ACA Online Support staff will provide instructions on how to provide the letter to the SCO.

Although the SCO does not expect a notice of assessments to be mailed directly to HR offices, it is imperative that everyone understand what to do with the notice if received. Note that a notice of assessment is different than an APTC notification. For additional information on APTC notifications, please see the following Personnel Letters.

- All agencies in the Uniform State Payroll System – PL #17-009 ([http://www.sco.ca.gov/Files-PPSD-Letters/2017\\_e17-009.pdf](http://www.sco.ca.gov/Files-PPSD-Letters/2017_e17-009.pdf))
- All campuses in the Uniform State Payroll System – PL #17-010 ([http://www.sco.ca.gov/Files-PPSD-Letters/2017\\_e17-010.pdf](http://www.sco.ca.gov/Files-PPSD-Letters/2017_e17-010.pdf))

If you have additional questions related to ACA penalty assessments, please contact ACA Online Support at (916) 322-3770 or by email at [acasupport@sco.ca.gov](mailto:acasupport@sco.ca.gov).

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<sup>1</sup> Full-time employees are defined as those employees who average 130 or more hours of service during an applicable 6 month measurement period.